



# Town of Merrimack, New Hampshire

6 Baboosic Lake Rd · Merrimack, NH 03054 · [www.merrimacknh.gov](http://www.merrimacknh.gov)

**February 23, 2022**

## **Request for Proposals**

### **Town of Merrimack, New Hampshire Audit**

Proposals will be received by the Town of Merrimack until 2:00 PM on Friday, March 18, 2022 from interested and qualified certified public accounting firms regarding the performance of an audit of its financial statements and related disclosures for the Town of Merrimack.

#### **1. Introduction**

The auditor(s) shall state that the primary purpose of the audit is to express an opinion on the financial statements taken as a whole and that the audit is subject to the inherent risk that errors or irregularities may occur and not be detected.

Furthermore, the Town has complied with the requirements of the Governmental Accounting Standards Board and intends to maintain compliance with all GASB standards, including all new GASB pronouncements.

There is no expressed or implied obligation for the Town of Merrimack to reimburse firms for any expenses incurred in preparing proposals in response to this request.

Proposals must be sealed and marked "Proposal on Auditing Services" and be delivered to the Town of Merrimack Finance Department, 6 Baboosic Lake Rd, Merrimack, NH 03054, by the time specified above when they will be opened publicly and read aloud.

It is anticipated that the selection of a firm will be completed by March 31, 2022 to allow adequate time for planning. Following the notification of the selected firm, it is expected that an engagement letter will be executed between both parties within 30 days of approval.

## **2. Terms of Engagement**

A three (3) year contract is contemplated, subject to the annual review and recommendation of the Director of Finance, the satisfactory negotiation of terms, the concurrence of the Town of Merrimack and the annual availability of an appropriation.

The proposals are to cover the following three fiscal years:

- (a) July 1, 2021 through June 30, 2022
- (b) July 1, 2022 through June 30, 2023
- (c) July 1, 2023 through June 30, 2024

## **3. Qualifying Requirements**

Firms submitting proposals must be qualified to perform independent audits of municipalities of the State of New Hampshire. The auditor's must have an office located within the State of New Hampshire, and resident staff must be able to offer the full range of auditing services required by this request for proposals.

Supervisory members of the audit team, including the "in-charge" field auditor, should be Certified Public Accountants and have a minimum of two (2) years of municipal audit experience in the State of New Hampshire. The Town of Merrimack intends to strongly consider municipal audit experience and certification in evaluating the proposer's audit team.

## **4. General Information**

The Town of Merrimack is a municipality of the State of New Hampshire, located in Hillsborough County. With a population of 28,000 (estimated), Merrimack is 60 miles from Boston. The Town has a Council-Manager form of government. The principal municipal departments, all of which will be subject to this audit, include police, fire, public works, recreation, health and welfare, tax collection and general government administration. We have one enterprise fund and one library fund that also need to be audited. The most recent audit of the Town was conducted in August 2021 for the period July 1, 2020 through June 30, 2021.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate fiscal and accounting entity with a self-balancing set of accounts.

The following types of funds are used by the Town:

- (1) General Fund: to account for all financial resources except those required to be accounted for in another fund.
- (2) Special Revenue Funds: to account for the proceeds of specific revenue sources other than expendable trust funds, or for major capital projects, that are legally restricted to expenditures for specified purposes.

- (3) Enterprise Funds: to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- (4) Trust and Agency Funds: to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

The Town maintains general ledgers for the General Fund, Enterprise and Special Revenue Funds, and Trust and Agency Funds.

The Town presently maintains its financial records on a computer system. Payroll, accounts receivable, accounts payable, and general ledgers are maintained as part of a comprehensive budgetary accounting system, along with taxes receivable, sewer billing and other miscellaneous billings.

The government-wide financial statements are prepared using the accrual basis of accounting. At the fund level, governmental funds use the modified accrual basis of accounting and proprietary and fiduciary funds use the accrual basis of accounting.

## **5. Audit Standards**

The audit firm shall conduct the audit of the accounts and records of the Town of Merrimack in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, *the standards for financial audits set forth in the U.S. Comptroller General's Government Auditing Standards, the provisions of the Single Audit Act of 1984, the provisions of U.S. Office of Management and Budget (OMB) Circular A-128, and Audits of State and Local Governments.*

## **6. Audit Scope**

The certified public accounting firm shall be engaged to conduct an audit of the financial statements, accounts, records, and procedures of all departments and funds of the Town of Merrimack. A Single Audit conducted in accordance with the Single Audit Act of 1984 and OMB Circular A-128 is required for federally assisted programs, if any.

Indicate in your proposal if you agree to meet or exceed the following audit specifications. Explain exceptions you may have regarding any specification.

- (1) The firm shall perform a financial and compliance audit of all funds reported in the Town of Merrimack's financial statements included in the latest Annual Report which accompanies this Request for Proposals.

The audit shall be conducted to satisfy the requirements of the State of New Hampshire Department of Revenue Administration and applicable state and federal laws and regulations.

- (2) In connection with the examination of the records and financial statements, the firm shall review the system of internal control, operating procedures and compliance with budgetary and legal requirements by the Town of Merrimack.

This review of internal control must include a review of the related processing controls with respect to data processing operations.

This review should also include but not be limited to the areas of physical security, systems and program documentation, input/output controls and control over use and retention of electronic files.

- (3) The firm shall perform a financial and compliance audit in accordance with the Single Audit Act of 1984 and OMB Circular A-128 for all federally assisted programs, where applicable.
- (4) The Town of Merrimack views its engagement of an audit firm as an ongoing professional relationship in which the firm is expected to provide occasional advisory services, as needed, during the course of each year. As such, the firm is expected to consult as required on auditing, accounting, financial reporting and operating questions, which may arise during the course of the year. In addition, the firm is expected to provide the town with information on current developments, which would affect the Town's financial operations.
- (5) The firm shall agree to make available its working papers upon request, to meet any Town financial need as well as in accordance with any federal or state grant provision. Working papers will be kept for three years from submission of the final audit report.
- (6) The firm shall agree to entry conferences to review the audit program with Merrimack Town officials, as well as the local government's role and assistance in the audit process.
- (7) The partner in charge of the audit shall be available to attend public meetings at which the audit report may be discussed. The partner or manager in charge of the audit shall also be available to discuss the audit report or other reports required by this proposal with the Town's financial staff as required.

## **7. Audit and Report Schedules**

Indicate in your proposal if you agree to meet the following audit and report schedules. Explain exceptions you may have regarding any of the requirements.

- (1) The firm shall conduct the audits covering operations of the Town of Merrimack and of federally assisted programs (if any) during the following periods:

- (a) July 1, 2021 through June 30, 2022
- (b) July 1, 2022 through June 30, 2023
- (c) July 1, 2023 through June 30, 2024

The firm shall submit Independent Auditor's Reports containing an expression of opinion that the financial statements are fairly stated, or, if a qualified or adverse opinion or disclaimer of opinion is necessary, the reasons therefore. The firm shall submit 15 bound copies and one electronic copy (Word preferred – the audit opinion in a .pdf file is acceptable) of its report no later than October 31<sup>st</sup> of each year.

- (2) The firm shall also submit a written report on the internal control structure, which shall identify reportable conditions and/or material weaknesses, assess their effects and propose initial steps to mitigate them. The firm shall submit 15 copies of the final draft of the report on the internal control structure and memorandum of comments and recommendations, which identifies observed operational conditions and/or practices to be combined into one report. If this report is to be submitted separately from the financial audit report, the audit team may submit such report no later than November 15<sup>th</sup> of each year.

- (3) The firm shall file a copy of the auditor's report with the State Department of Revenue Administration within thirty (30) days after completion of the audits.

- (4) The Town reserves the right to request additional auditing services to be performed in conjunction with the annual financial and compliance audit. If such services are requested by the Town and agreed to by the firm, the firm shall provide a written quotation on the additional cost of said services, if any. During the course of performing such additional services, the firm agrees that it will notify the Town, in writing, if unanticipated work arises which would cause an increase in service fees. If additional costs are incurred by the firm and the Town has not agreed to such additional costs, the Town shall have no obligation to pay the additional costs.

## **8. Technical Proposal**

### **1. General Requirements**

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the Town of Merrimack in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

The technical proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included in schedules provided with this request). The proposals should be prepared simply and economically, providing a straightforward, concise description of the firm's capabilities to satisfy the requirements. While additional items may be presented, the following subjects must be included. They represent the criteria against which the proposal will be evaluated.

### **2. Independence**

The firm should provide an affirmative statement that it is independent of the Town of Merrimack as defined by generally accepted accounting standards and the U.S. Comptroller General's Government Auditing Standards. The firm should also list and describe the firm's professional relationships involving the Town of Merrimack or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the Town of Merrimack written notice of any professional relationships entered into during the period of this agreement.

### **3. License to Practice in New Hampshire**

An affirmative statement should be included indicating that the firm and its municipal partner are qualified to practice in New Hampshire.

### **4. Firm Qualifications and Experience**

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the staff to be so employed on a part-time basis.

The firm shall also provide information on the results of the firm's latest federal or state desk reviews or field reviews of its audits. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

#### 5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in New Hampshire. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of Town of Merrimack. However, in either case, the Town of Merrimack retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the Town of Merrimack, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

#### 6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

#### 7. Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposal. In developing the work plan, reference should be made to such sources of information as the Town's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

#### 8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Town of Merrimack.

## **9. Evaluation**

The Town of Merrimack shall evaluate the proposals on the basis of the qualifications, relevant experience and responsiveness of the bidders, as well as the staffing and estimated cost of the engagement. The Town may wish to conduct oral interviews with the firms considered most qualified in order to help the Town in the selection process.

## **10. Assistance by the Town**

The Town of Merrimack's financial staff shall render all feasible assistance to the audit firm and shall respond promptly to requests for information, provide all necessary books and records, and provide physical facilities required by the firm for the expeditious conduct of the engagement.

## **11. Compensation**

The firm's proposal must indicate the maximum total your firm will charge the Town for each year of this proposal. The maximum fee must be broken down as indicated on the attached fee schedule for each year. In addition, the proposal must indicate the fee for the firm to prepare and file the Municipal Financial Report (MS-535).

The final payment for any audit shall become due only after submission of all reports required by this document and their acceptance by the Town and/or federal and state grantor agencies.

Should the firm encounter circumstances requiring an increase in the extent of detailed investigation, or should the Town require an increase in the scope of the audit, written notice to that effect must be given to the other party.

The engagement can then be modified by mutual agreement as to additional work and compensation.

## **12. Termination of the Audit**

If the audit firm fails to substantially comply with the specifications set herein, the Town of Merrimack reserves the right to terminate the engagement after completion of any audit year upon written notice to the firm.



### **13. Insurance**

The professional individual or firm shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from, or be in connection with the performance of the work hereunder by the individual or the firm, his agents, representatives, or employees.

For the purpose of this clause, the term “professional individual or firm” shall also include the individual’s or firm’s respective officers, agents, officials, employees, volunteers, boards, and commissions.

### **14. Submittal Information**

Proposals, including completed copies of the attached proposer guarantees and warranties as well as the attached fee schedules, must be marked “Audit Proposal” and received no later than Friday, March 18, 2022 at 2:00pm. All submittals shall be addressed to Kelly Valluzzi, Purchasing Agent, 6 Baboosic Lake Road, Merrimack, NH 03054. Any inquiries should be directed to Thomas Boland, Finance Director at (603) 424-7075, or [tboland@merrimacknh.gov](mailto:tboland@merrimacknh.gov).



## TOWN OF MERRIMACK, NEW HAMPSHIRE

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FINANCE DEPARTMENT  
6 Baboosic Lake Road  
Merrimack, NH 03054

Tel: 603-424-7075  
Fax: 603-424-0516

### Proposal for Audit Services

#### PROPOSAL FORM

*Due by 2:00 PM on Friday, March 18, 2022*

#### PROPOSAL:

Total cost to provide the Town of Merrimack with comprehensive Auditing Services, in accordance with the enclosed Specifications:

**2022 Audit:**

***Total Price for Performance of Financial & Compliance Audits and preparation of MS-535***

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**2023 Audit:**

***Total Price for Performance of Financial & Compliance Audits and preparation of MS-535***

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**2024 Audit:**

***Total Price for Performance of Financial & Compliance Audits and preparation of MS-535***

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**Proposer Guarantees:**

The proposer certifies that it can and will provide and make available, at a minimum, all services set forth in this request for proposals.

Bidder Name: \_\_\_\_\_

Proposer Warranties:

- The proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- The proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town of Merrimack.
- The proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Authorized Signature\_\_\_\_\_

Printed Name\_\_\_\_\_

Title\_\_\_\_\_

Email: \_\_\_\_\_

Date \_\_\_\_\_

Proposer\_\_\_\_\_

Street Address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Phone No: \_\_\_\_\_ Fax No: \_\_\_\_\_

**Bidder Name:** \_\_\_\_\_

**REFERENCES:**

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Contact: \_\_\_\_\_

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Contact: \_\_\_\_\_

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Contact: \_\_\_\_\_